

FISCAL NOTE

HB 1015 - SB 1214

April 1, 2007

SUMMARY OF BILL: Changes the semesters at which student eligibility for the HOPE Scholarship and HOPE Access grants are checked, from the end of the semester in which a student has attempted 24, 48, 72, 96 and 120 semester hours to the end of the semester in which a student has attempted 30, 60, 90, and 120 semester hours; enables nontraditional students to qualify for the HOPE Scholarship after twelve semester hours.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Increases the expenditure of lottery proceeds earmarked for scholarships and grants by \$52,227,200 in FY07-08 and by \$57,450,300 in FY08-09.

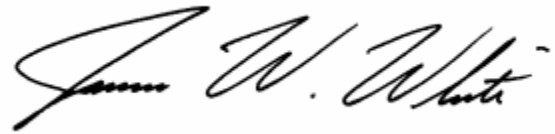
Assumptions:

- According to TSAC, there are 47,200 students who have qualified for a HOPE Scholarship or HOPE Access award for the 2006-07 academic year.
- Since the number of students spans all academic classifications, an overall retention rate of 60% is used. This equates to 28,320 students who could retain the award.
- This estimate assumes that 90% or 25,488 of these students take 12 hours (12 hours considered full-time) and would need three terms to meet the new benchmarks. These students would receive the award for one more term.
- The first year increase in lottery expenditures is estimated to be \$48,427,200 (25,488 x \$1,900) and the second year increase is estimated to be \$53,270,300 (28,037 x \$1,900).
- A growth rate of 10% is assumed for the second year.
- In addition, it is assumed that 1,000 nontraditional students could qualify each year for the HOPE scholarship after attempting twelve semester hours. If 1,000 students receive the full HOPE scholarship of \$3,800, there would be an additional increase in lottery expenditures the first year of \$3,800,000. A 10% increase in the second year is estimated to result in an increase in lottery expenditures of \$4,180,000.
- First year increase in lottery expenditures - \$52,227,200 (\$48,427,200 + \$3,800,000).

- Second year increase in lottery expenditures - \$57,450,300 (53,270,300 + \$4,180,000).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director